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26 III 1983

MEMORANDUM FOR: Director of Data Processing

VIA: Chief, Management Staff

STAT FROM:

Chief, Policy and Plans Group, MS

SUBJECT: Personal Computer Policy

REFERENCE: Report by Gilbert, Dennis, et.al., Institute for Computer Sciences and Technology, National Bureau of Standards, entitled ---
Microcomputers: A Review of Federal Agency Experiences, NBS Special Publication 500-102, issued June 1983.

1. This memorandum proposes an overall personal computer policy and proposes a plan to further refine this policy. The overall policy may be described as an incentive-based approach to PC management. I recommend that ODP offer Agency customers a support structure that will facilitate the cost-effective use of PC technology. Resource limitations will naturally cause us to select a limited number of PC products or product lines to support. Agency PC users selecting equipment other than supported products forgo ODP support. This is a key policy statement because it rejects two other possibilities: strict control and a laissez-faire approach.

2. Strict control (e.g., product standardization, product use controls, controls over the pace of introduction, etc.) are politically infeasible and would not be cost-effective. The newness of the technology and our imperfect understanding of it also argues against premature control. Similarly, a laissez-faire approach would also not be in the best interests of the Agency. A hodgepodge of equipment would result. The equipment would be unsupported, unable to communicate and not optimally used. Furthermore, it would be procured without the prospect of volume-based discounts.

3. An incentive-based system would, however, potentially:

- o promote efficient and effective methods for the exchange of information and resources, both with the central service and among PC's;
- o provide economies associated with volume purchases (H/W, S/W and maintenance);
- o promote transportability and compatibility of software and data;

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- o reduce duplication of effort;
- o provide knowledgeable consultants to assist users in acquiring and operating equipment and software;
- o allow knowledge of organizational requirements to be gathered for use in long range planning.

An incentive-based system would provide the above benefits without the unpleasant aspects of coercion. Users with requirements that could not be met by ODP-supported equipment would go their own way.

4. If we accept this high-level policy, the next step is to define the nature of the support we wish to offer and subset of products we will offer it for. The reference (page 16) quotes an Arthur Young study conducted for the Department of Defense which identified the following thirteen different microcomputer (i.e., PC) support activities:

- a. Monitor technological trends
- b. Develop microcomputer expertise in selected systems
- c. Disseminate current technological information
- d. Assist users in systems selection
- e. Trouble-shoot during operations and maintenance
- f. Evaluate hardware vendors
- g. Evaluate software packages
- h. Negotiate volume procurements (H/W, S/W and maintenance agreements)
- i. Design/deliver training
- j. Build compatible micro/mini/maxi architecture (includes providing PC interfaces to central system)
- k. Establish a central demonstration room
- l. Offer standard applications systems
- m. Establish an information center

5. In order to implement the policy of providing well-defined support to a limited number of products, the following plan is proposed:

- a. ODP establish a PC Management Information System (PCMIS) and develop an accurate inventory of

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Agency PC's and the requirements that they are satisfying. The purpose of the MIS would be to improve our understanding of which PC's are being used and how they are used in the Agency. This MIS will aid our planning both for central services and PC support. Periodically, a report on the status of PC usage in the Agency should be prepared.

- b. A PC Working Group be immediately established to develop a list of candidate PC's to be supported. The list should not be overly narrow because this may constrain our customers and cause procurement problems. On the other hand, resource limitations prohibit an open-ended list. A creative solution may be feasible such as providing support on a vendor or product line or operating system basis for certain functions. The key point here is that establishing this list requires study. It would not be productive, however, at this time, to perform a formal requirements study. The dynamic nature of customer requirements, the marketplace and technology, in my judgment, make collecting formal requirements impractical. Technical judgment, emphasizing non-restrictive strategies, is appropriate at this juncture.
- c. The PC Working Group above also be tasked to develop a list of support functions that should be performed by ODP. I agree with the ODP Policy Board's position on the importance of networking PC's with the central service. This position is seconded by DP executives quoted in a Newton-Evans Research study described in the attached Computerworld article: "The 'provision of network interfaces' is what executives see as the DP department's most important role in the microcomputer era." However, I further believe that providing a network interface is only one aspect of central support. To make maximum cost-effective use of PC's, other support is required. Second on my list, therefore, would be Information Center support; defining the parameters of this support, however, is crucial. Finally, the Working Group should develop a procurement approach. Individually, PC's are inexpensive, collectively and especially considering software, the cumulative expenditures can be large. I believe that new approaches are needed in this area because competitive procurement is not feasible due to the shortness of the product life cycle. That is, the time requirements of competitive procurement would almost guarantee obsolescent products.

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6. Because of the pace of events in the PC world and our need to formulate policy quickly, a limited amount of time should be provided for the above-mentioned PC Working Group to develop recommendations. Three months seems reasonable. The final recommendation involves the establishment of a permanent PC Steering Group:

- d. Establish a PC Steering Group, chaired by the DD/ODP, and including the DD/A, DD/P and the C/MS, to permanently monitor PC policy and the implementation and evolution of our PC support plan.

7. In sum, I think it is clear, PC's can not be ignored. We owe it to our current and prospective Agency customer base to facilitate their implementation of this potentially very useful technology. A wide range of support for a limited number of PC's may be a feasible approach to meeting this responsibility.

STAT

Attachment: a/s

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ODP/MS (27 July 83)(pcp)

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Computerworld

11 July 1983

Fortune-Type Firms Shopping for Micros In Retail Stores: Study

By Bill Laberis
CW Staff

SYKESVILLE, Md. — In a "decided shift" in buying patterns, more and more Fortune-type corporations are going shopping in retail computer stores for microcomputers.

Furthermore, the increasing role that established DP departments are playing in micro policy planning is resulting in more large corporations buying their micros from "traditional suppliers of information processing equipment."

Of those "traditional suppliers," IBM and Digital Equipment Corp. will top the market.

These are some of the findings contained in the report on "Microcomputer Usage Trends in Fortune Corporations" recently released by

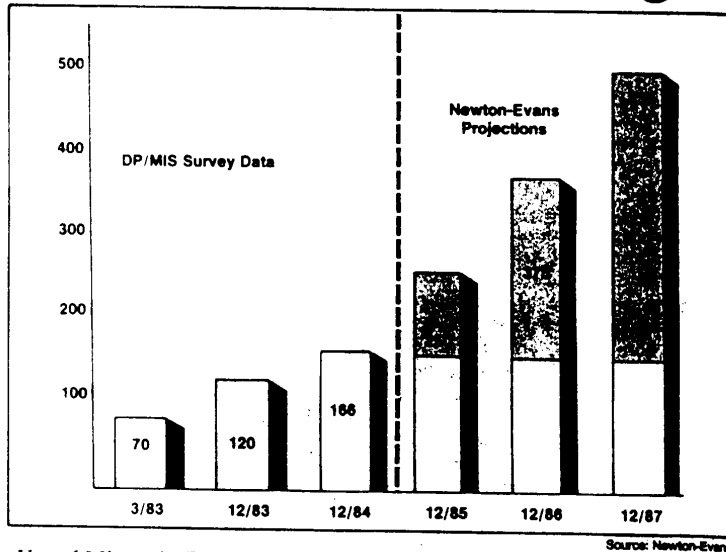
Newton-Evans Research Co. here. The study was based on replies to questionnaires from top-level DP executives in 124 Fortune 1,300 companies. Information was gathered from January through March of this year.

The study results confirmed the generally accepted notion that microcomputer installations will boom in the corporate environment. The number of installed micros per corporation will increase by a compounded 5% per month through 1983, or nearly 70% on an annualized basis, the report projected.

This means that by the end of 1984, an average of 166 micros will be installed in a typical large corporation, compared with about 70 now.

However, it is not the anticipated
(Continued on Page 6)

Study Probes Micro Usage



Use of Micros in Fortune 1,300 Firms: Installations per Corporate Entity

(Continued from Page 1)

growth in micro installations, but the means of procurement that Newton-Evans found most interesting. Asked what "real" channels of distribution they are using to acquire micros, 53% of those surveyed cited retail computer stores. Only 23% named vendor representatives or vendor-owned stores as the primary distribution channel.

"Retail computer stores... were a particularly appealing channel to the financial services and insurance group of respondents, receiving two-thirds of that group," the report stated.

Other study findings bode well for the traditional large-system suppliers, some of whom presently have few microcomputer offerings. According to the report, IBM and DEC will eclipse micro makers Apple Computer, Inc. and Tandy Corp. in sales to the lucrative corporate market, mainly because of the input of DP departments in developing in-house micro policies. These policies, the study maintained, are stressing the integration of micros into existing mainframe environments, an area where IBM and DEC are clearly leaders.

Micro offerings from Hewlett-Packard Co. and a yet-to-be-announced offering from AT&T's American Bell, Inc. were also rated as contenders in the corporate micro arena.

The study found that the haphazard micro acquisition patterns that have characterized some micro purchases in the past are coming to an abrupt halt, replaced by documented

planning. Three-quarters of the respondents indicated they either have or are planning a corporate micro acquisition policy.

Moreover, 90% of the respondents noted that their DP organization either has or will have a role in the planning for micro acquisitions, the report continued.

Other findings in the study include:

- The professional worker in end-user departments is likely to account for over half the microcomputer use in large corporate environments, with managers and executives accounting for an additional quarter of micro users and clerical and administrative staff comprising the remainder.

- DP executives regard finance as the department in greatest need of micros, followed by accounting and marketing.

- The "provision of network interfaces" is what executives see as the DP department's most important role in the microcomputer era.

- Two-thirds of the respondents regard the DP department as at least partially responsible for acquisition and development of micro software. More than half feel the end user has to be involved in the process.

- Privacy and security considerations were the most oft-cited concerns expressed regarding the proliferation of microcomputing in the corporate environment.

"Microcomputer Usage Trends in Fortune Corporations" is priced at \$595 from Newton-Evans Research, 13382 Grinstead Court, Sykesville, Md. 21784.